

**Report of Management on Compliance with Applicable Requirements
of Section 64.1310(a)(1) of the Federal Communications Commission's Rules and Regulations**

Management of General Communication, Inc. ("GCI" or the "Company") is responsible for establishing and maintaining adequate systems and processes for its Pay Telephone Call Tracking System and for ensuring the Company's compliance with the applicable requirements of Section 64.1310(a)(1) of the FCC's Rules and Regulations ("Section 64.1310(a)(1)"), released on October 3, 2003, regarding *The Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*.

Management has performed an evaluation of the Company's compliance with the applicable requirements of Section 64.1310(a)(1) using the criteria in Section 64.1320(c) of the FCC's Rules and Regulations as the framework for the evaluation. Based on this evaluation, we assert that as of July 1, 2004, the Company complies with all applicable requirements of Section 64.1310(a)(1).

We have prepared the required assertion statements relating to GCI's Payphone Call Tracking Systems. Original with signature is kept in the office of the National Payphone Clearinghouse (NPC). For a facsimile copy, please contact the NPC.

GCI is acknowledged as the "Completing Carrier" for the following call scenario:

Call is placed from a payphone to a tollfree number, terminating on GCI's network (Carrier Identification Code 077), with info digits of 27, 29, or 70.

GCI is acknowledged as the "Intermediate Carrier" for the following call scenario:

Call is placed from a payphone to a tollfree number terminating on Carrier Identification Codes other than 077, with info digits of 27, 29, or 70.

All assertions for GCI are from the point in which GCI has visibility of the call tracking data.

GCI uses the National Payphone Clearinghouse (NPC) of Cincinnati Bell for payphone compensation settlement. GCI has obtained and relied upon third-party assurance from NPC to verify that controls and procedures relating to these assertions have been established and maintained by NPC. An independent assessment of the design of such controls has been performed by an independent accounting firm.

GCI represents the following assertions where it is identified as the Completing Carrier:

FCC Compliance Factor (1) – GCI's procedures accurately track calls to completion.

- GCI's definition of the "per-call rate" of \$0.24 is in compliance with FCC rules.
- GCI's definition of a "Compensable Call" (payphone-originated call that completes over GCI's network in which GCI identifies itself as the Completing Carrier) is in compliance with the FCC rules.
- GCI's definition of a "Completed Call" (call that is answered by the called party) is in compliance with the FCC rules.
- GCI's systems are able to generate the following reports on a quarterly basis:
 - a) A list of the toll free and access numbers dialed and completed from each Payphone Service Provider's (PSP's) payphones along with the ANI for each payphone.
 - b) The volume of calls for each toll free and access number that was completed by GCI.

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- c) The name(s), address(es), and phone number(s) of the person(s) responsible for handling the GCI's payphone compensation.
- d) The CIC code or Trunk routing group of all facilities based LD carriers that routed calls to GCI categorized according to toll-free and access code numbers.
- GCI's data storage requirement (18 months) is in compliance with FCC rules.
- GCI's procedures for identifying PSPs are complete and accurate.
- GCI's procedures for validating payphone ANIs are complete and accurate.

FCC Compliance Factor (2) – GCI has a person or persons responsible for tracking, compensating, and resolving disputes concerning payphone-completed calls.

- GCI has designated personnel responsible for drafting the business requirements associated with tracking, compensating, and resolving disputes concerning payphone-compensated calls.
- GCI has designated personnel responsible for the development and maintenance of systems used in the collection and reporting of payphone call data.
- GCI has designated personnel responsible for the implementation and maintenance of procedures that are utilized in creating final compensation data sets.
- GCI has designated personnel who are responsible for developing compensation-tracking reports.
- GCI has designated personnel who are responsible for payphone compensation dispute resolution.

FCC Compliance Factor (3) - GCI has effective data monitoring procedures.

- GCI has the ability to prepare quarterly reports on payphone call counts, PSP identities and numbers dialed.
- GCI performs data monitoring procedures on call record volumes entering the payphone compensation systems.
- GCI has the ability to produce trend reports of excluded calls.
- GCI performs fraud-monitoring procedures to identify potentially illegitimate payphone calls.
- GCI has the ability to investigate and resolve PSP disputes.

FCC Compliance Factor (4) - GCI adheres to established protocols to ensure that any software, personnel or any other network changes do not adversely affect its payphone call tracking ability.

- GCI has security controls in place to control access to and monitor call-tracking data.
- GCI has security controls in place to control access to and monitor the payment disbursement system.

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- GCI has a department that is responsible for making software changes that affect payphone compensation.
- GCI has established protocols to implement and test software changes affecting payphone compensation.
- GCI has application controls in place to ensure that network changes, external to payphone compensation, do not negatively impact payphone compensation.

FCC Compliance Factor (5) – GCI creates a compensable payphone call file by matching call detail records against payphone identifiers.

- GCI utilizes switch data and database look-ups to populate the date, originating ANI, dialed number, and aggregate data into a Compensable Call File.
- GCI uses payphone specific identifiers (info digits) to identify a compensable payphone call record.
- GCI applies validation and control procedures to compile the Compensable Call File.

FCC Compliance Factor (6) – GCI has procedures to incorporate call data into required reports.

- GCI's systems are able to generate the following reports on a quarterly basis:
 - a) A list of the toll free and access numbers dialed and completed from each PSP's payphones along with the ANI for each payphone.
 - b) The volume of calls for each toll free and access number that was completed by XXX.
 - c) The name(s), address(es), and phone number(s) of the person(s) responsible for handling the XXX's payphone compensation.
 - d) The CIC code or Trunk routing group of all facilities based LD carriers that routed calls to XXX categorized according to toll-free and access code numbers.
- GCI possess a valid list of payphone owners identified by ANI.

FCC Compliance Factor (7) - GCI has implemented procedures and controls needed to resolve payphone compensation disputes.

- GCI maintains required call tracking data for at least the number of months required by the FCC.
- GCI has the ability to investigate and resolve PSP disputes.
- GCI has designated personnel who are responsible for payphone compensation dispute resolution.

FCC Compliance Factor (8) – Critical controls and procedures have been implemented by GCI to verify that errors are insubstantial.

- GCI has procedures to identify payphone-originated calls.

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- GCI has procedures to capture dial-around calls.
- GCI has procedures to exclude incomplete calls from the Compensable Call File.
- GCI has procedures to accurately populate call record data in the Compensable Call File.
- GCI has procedures to exclude commissioned calls from the Compensable Call File.

FCC Compliance Factor (9) – GCI has in place adequate and effective business rules for implementing and paying payphone compensation, including rules used to: (i) identify calls originated from payphones; (ii) identify compensable payphone calls; (iii) identify incomplete or otherwise non-compensable calls; and (iv) determine the identities of the payphone service providers to which Completing Carrier owes compensation.

- GCI has business rules that identify calls originated from payphones.
- GCI has business rules that identify compensable payphone calls.
- GCI has business rules that exclude incomplete calls.
- GCI has business rules to determine the identities of the payphone service providers to which GCI owes compensation.

Required Disclosures per 64.1320(d)

- GCI's criteria for identifying calls originating from payphones include call record info-digit identification of 27, 29 or 70.
- GCI's criteria for identifying compensable payphone calls include all calls with info-digits 27, 29 or 70 and call duration greater than 0. Calls originating from payphones where GCI has a separate compensation agreement in place, or from non-equal access areas are excluded from the Compensable Call File.
- GCI's criteria for identifying incomplete or otherwise noncompensable calls include: 1) calls that do not have info-digits 27, 29 or 70, 2) calls with a duration of 0 or 3) calls that originate from payphones where GCI has a separate compensation agreement in place.
- GCI's criteria used to determine the identities of the PSPs to which GCI owes compensation is established by NPC, GCI's clearinghouse for settlements.
- The type of information that GCI needs from the PSPs in order to compensate the PSPs is determined by NPC.

Dated: July 1, 2004